

January 11, 2000

MEMORANDUM

TO: The Health Affairs Committee:

Charles M. Caravati, Jr., M.D., Chair
William G. Crutchfield, Jr.
William H. Goodwin, Jr.
Terence P. Ross
Elizabeth A. Twohy
H. Christopher Alexander, III, M.D.
Harry J. G. van Beek
John P. Ackerly, III, Ex Officio

and

The Remaining Members of the Board:

Champ Clark	Albert H. Small
T. Keister Greer	Henry L. Valentine, II
Elsie Goodwyn Holland	Walter F. Walker
Timothy B. Robertson	Benjamin P.A. Warthen
Robert G. Schoenvogel	James C. Wheat, III
	Joseph E. Wolfe

FROM: Alexander G. Gilliam, Jr.

SUBJECT: Minutes of the Meeting of the Health Affairs Committee on
January 11, 2000

The Health Affairs Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 10:20 a.m., Tuesday, January 11, 2000, in the Dining Conference Rooms at the University Hospital; Charles M. Caravati, Jr., M.D., Chair, presided. H. Christopher Alexander, III, M.D., Harry J.G. van Beek, William G. Crutchfield, Jr., William H. Goodwin, Jr., Terence P. Ross, Ms. Elizabeth A. Twohy, and John P. Ackerly, III, Rector, were present.

Also present were Leonard W. Sandridge, Jr., Alexander G. Gilliam, Jr., Paul J. Forch, Robert W. Cantrell, M.D., Thomas A. Massaro, M.D., William E. Carter, Jr., Larry L. Fitzgerald, Ms. Beth Hodsdon, Ms. Sally Barber, Ms. Susan Harris, and Ms. Jeanne Flippo Bailes.

W. Phillip Gibbs, M.D., was present by special invitation.

The Chair asked Dr. Cantrell, Vice President and Provost for Health Sciences, and Mr. Sandridge, Executive Vice President and Chief Operating Officer, to present the Agenda.

Mr. Sandridge and Mr. Fitzgerald presented the customary financial report for the Medical Center, explaining that their figures were current for November 30th.

Admissions for Fiscal Year 2000 to date are below budget by 1.4% and down 2.4% from last year. The average length of stay for patients has dropped to 5.2 days from 5.6 days last year, which contributes toward lowering costs. Net operating revenue is above last year but below budget for this year. Operating expenses, at \$185.9million, are \$1.5million below budget and \$6.5million below Fiscal Year 1999. The operating margin for the first five months of the fiscal year thus is 4%, better than the figure of 1.2% last year and better than the 2.3% budgeted for this year.

They cautioned, however, that it appears admissions will be 5% below budget when the December figures come in, which may cause net revenue to be below budget and the operating margin below 4%.

Mr. Carter gave a progress report on cost reductions at the Medical Center. He reminded the Committee that during the latter half of last year, Computer Sciences Corporation - CSC - a management consulting firm, was retained to assist in cost reduction efforts by conducting an assessment to emphasize areas where the Health System might improve performance. CSC presented their preliminary findings in November and they have been retained for a few months to assist in implementing the cost reduction processes they have recommended.

So far, initiatives carried out in Patient Financial Services (which means billing), Nutrition Services and the Children's Medical Center have generated savings of \$344,400 for this fiscal year and \$1,054,000 in subsequent years.

After discussing possible dates for future meetings in February and March, the Committee adopted the following motion enabling it to meet in Executive Session:

That the Health Affairs Committee of the Board of Visitors of the University of Virginia go into Executive Session for the purpose of discussing proprietary, business-related information pertaining to Medical Center financial performance improvement and acquisition of a clinic operation, where disclosure would adversely affect the competitive position of the Medical Center; and discussion concerning specific employee performance, and consultation with legal counsel regarding applicable federal regulations governing clinic classification, and legal advice on patent rights with respect to our integrated health care information management system, as provided for in Section 2.1-344 (A) (1), (3), (7) and (23) of the Code of Virginia.

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The Committee went into Executive Session at 11:05 a.m., resumed in Open Session at 2:10 p.m., and, on motion, adjourned.

AGG:lah

- Copies to: Mr. John T. Casteen, III
Mr. Gene D. Block
Dr. Robert W. Cantrell
Ms. Louise Dudley
Mr. Ernest H. Ern
Mr. Paul J. Forch
Mr. William W. Harmon
Mr. Terry Holland
Mr. L. Jay Lemons
Mr. Peter W. Low
Dr. Robert E. Reynolds
Mr. Leonard W. Sandridge, Jr.
Ms. Colette Sheehy
Mr. Robert D. Sweeney

At a meeting of the Health Affairs Committee of the Board of Visitors of the University of Virginia held on January 11, 2000 a roll call vote was taken immediately following an executive session. Members voting "yes" certify that to the best of the Member's knowledge (1) only public business matters lawfully exempted were discussed in closed session; and (2) only public business matters identified in the public motion by which the executive or closed meeting were discussed. In accordance with the law, any member of the public body who believes that there was a departure from the foregoing shall so state prior to the vote indicating "the substance of the departure". Any such statements are recorded below under "comments".

<u>NAME</u>	<u>VOTE</u>	<u>COMMENTS</u>
	<u>yes or no</u>	
<u>John P. Ackerly, III</u>	<u>yes</u>	
<u>Charles M. Caravati, Jr.</u>	<u>yes</u>	
<u>Champ Clark</u>		
<u>William G. Crutchfield, Jr.</u>	<u>yes</u>	
<u>William H. Goodwin, Jr.</u>	<u>yes</u>	
<u>T. Keister Greer</u>		
<u>Mrs. Elsie Goodwyn Holland</u>		
<u>Timothy B. Robertson</u>		
<u>Terence P. Ross</u>	<u>yes</u>	
<u>Albert H. Small</u>		
<u>Elizabeth A. Twohy</u>	<u>yes</u>	
<u>Henry L. Valentine, II</u>		
<u>Walter F. Walker</u>		
<u>Benjamin P.A. Warthen</u>		
<u>James C. Wheat, III</u>		
<u>Joseph E. Wolfe</u>		
<u>Robert G. Schoenvogel</u>		
<u>H. Christopher Alexander, III</u>	<u>yes</u>	
<u>Harry J.G. van Beek</u>	<u>yes</u>	

ADDENDUM TO THE OFFICIAL MINUTES OF THE MEETING
OF THE BOARD OF VISITORS OF THE UNIVERSITY OF
VIRGINIA

Meeting Date: January 11, 2000

CERTIFICATION OF EXECUTIVE MEETING

WHEREAS the Health Affairs Committee of the Board of Visitors has convened an executive meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS Section 2.1-344.1 of the Code of Virginia requires a certification by this Health Affairs Committee that such executive meeting was conducted in conformity with Virginia law;

NOW THEREFORE BE IT RESOLVED that the Health Affairs Committee hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Health Affairs Committee.

VOTE

AYES: 8

NAYS: 0

[For each nay vote, the substance of the departure from the requirements of the Act should be described].

ABSENT DURING VOTE: 0

ABSENT DURING MEETING: 0

Alexander G. Gilliam, Jr.
Secretary, Board of Visitors,
University of Virginia